REMARKS

Claims 9 and 10 stand objected to under 37 C.F.R. §1.75(c), and they stand rejected under §112, first paragraph, as failing to comply with the written description requirement. Claims 9 and 10 also stand rejected on the basis of alleged new matter. Claims 9 and 10 have been amended to overcome this objection and these rejections and respectfully traverse. Claims 9 and 10 now recite a magnetic film which substantially excludes a ceramic phase, as described, for example, on page 4, line 26 to page 5, line 5, and page 24, lines 3-11. Withdrawal is respectfully requested.

Claims 1 and 4 stand rejected under §112. The claims have been amended as suggested by the Examiner, to overcome this rejection without narrowing the scope of the claims. Withdrawal is requested.

Claims 1-3 and 9 stand rejected under §103 on the basis of JP '505, JP '036 or JP '035. Applicants traverse this rejection because none of the references, alone or in combination, discloses or suggests a structure in which elements M, N and O are solid-solved in a crystal phase mainly made of Fe, as in independent claim 1 as amended.

JP '036 and JP '035 both describe a so-called granular film (a compound dispersion film). This type of film has a structure in which a grain boundary layer made of ceramics (such as SiO₂, Al₂O₃, etc.) covers an amorphous or crystalline cluster (a group of Fe particles etc.) mainly made of metal. Specifically, this is a structure in which microcrystal etc. is dispersed in the ceramics (a ceramics layer covers a microcrystal phase). On the other hand, the present invention has a structure in which the above

elements M, N, and O are <u>solid-solved</u> in a crystal phase mainly made of Fe. Thus, the film structure of the present invention is quite different from JP '035 and JP '036 (refer to page 4, lines 15-21 in the specification of the present invention). In the present invention, high electric resistivity can be obtained by providing such a structure.

As to the reference JP '505, its element M is totally different from that of the present invention. Also, the reference Callister merely mentions "single crystals are ordinarily difficult to grow", and provides no information about a structure similar to that of the present invention.

Accordingly, claims 1-3 and 9 would not have been obvious even if the above references are combined. Withdrawal of the rejection of independent claim 1, and dependent claims 2, 3 and 9 is respectfully requested.

Claims 4-6 and 10 stand rejected under §103 on the basis of JP '505, JP '036, JP '035, Callister and Westwood, U.S. '709. Applicants traverse this rejection for the reasons given with respect to independent claim 1. Even combined with Westwood, the independent claim 4 and dependent claims 5, 6 and 10 are allowable. Withdrawal is respectfully requested.

For the foregoing reasons, Applicants believe that this case is in condition for allowance, which is respectfully requested. The examiner should call Applicants' attorney if an interview would expedite prosecution.

Respectfully submitted,

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